

Message Text

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R 170250Z MAY 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3333

INFO AMENYASSY SINGAPORE

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AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

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UNCLAS BANGKOK 8000

E.O. 11652: N/A

TAGS: BEXP, TH

SUBJECT: MARKET BRIEF REQUEST FOR "MARINE PROPULSION". USRTC
SINGAPORE

SINGAPORE FOR RTDC

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1. MAJOR USER OF MARINE PROPULSION PRODUCTS IN THAILAND IS FISHING INDUSTRY, WHICH HAS EXPANDED REPIDLY DURING LAST DECADE. TRADITIONALLY, THE FISHING INDUSTRY HAS USED SMALL BOATS WHICH RESTRICT THEIR ACTIVITIES TO TERRITORIAL WATERS OF THAILAND. HOWEVER, RECENTLY SOME FISHERMEN HAVE VENTURED OUTSIDE THESE WATERS FOR THEIR CATCHES. TREND IS FOR LARGER BOATS WHICH STAY AT SEA FOR LONGER PERIOD ESPECIALLY SINCE FREQUENT TRIPS TO AND FROM PORT ARE COSTLY IN TERMS OF FUEL.

2. A GOVERNMENT CENSUS FOR 1971. REPORTS THE NUMBER OF BOATS OF 10-250 TONS IN FISHING FLEET TO BE 7,235, THESE BOATS WERE CONSTRUCTED

IN ABOUT 100 SMALL SHIPYARDS SCATTERED THROUGHOUTTHE COASTAL PROVINCES

OF THAILAND. IN RECENT PRESS INTERVIEW, THE DIRECTOR GENERAL OF THE
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DEPARTMENT OF FISHERIES STATED THAT DURING 1974. THAILAND WILL BE

LAUNCHING 20-30 FISHING BOATS OF 100-300 TONS DISPLACEMENT FOR OFFSHORE FISHING. ANOTHER ESTIMATE MADE BY FISH MARKETING ORGANIZATION PLACES THE NUMBER OF NEW FISHING BOATS WITH DISPLACEMENT OF 30-350 TONS TO BE PUT INTO OPERATION IN 1974. AT 106. ALTHOUGH EXPANSION OF FISHING INDUSTRY HAS BEEN LARGELY DUE TO EFFORTS OF PRIVATE SECTOR, THE THAI GOVERNMENT IS ALSO PROMOTING THE INDUSTRY BECAUSE OF ITS IMPORTANCE AS A SOURCE OF CHEAP PROTEIN AS AN EMPLOYEER AND MAJOR EXPORT EARNER. CONSEQUENTLY. MARINE PROPULSION EQUIPMENT SALES SHOULD BENEFIT FROM THIS EXPANSION OF THE FISHING INDUSTRY.

3. THAILAND DOES NOT MANUFACTURE. ASSEMBLE OR EXPORT MARINE PROPULSION EQUIPMENT. BUT HAS BEEN IMPORTING ITS REQUIREMENTS. MAINLY FROM JAPAN. SWEDEN. U.). AND U.S. IMPORTS OF MARINE ENGINES HAVE SUBSTANTIALLY INCREASED SINCE 1971. (TO AN ESTIMATED VALUE OF \$4.3 MILLION IN 1974.) THE TREND HAS BEEN TOWARD INBOARD DIESEL ENGINES OF LARGER SIZE AND VALUE BUT FEWER IN QUANTITY. GASOLINE MARINE ENGINE SALES HAVE DECREASED. PROSPECT FOR NEXT TWO YEARS. IS LARGER SALES FOR DIESEL ENGINES IN 100-250 HP RANGE. THEREAFTER 500-1000 HP ENGINES SHOULD BE MOST SALABLE. CURRENTLY, IMPORT DUTY FOR ENGINES LESS THAN 500 HP IS 15. PERCENT AND ONLY 5 PERCENT FOR ENGINES OF 500 HP AND UP. THE FISHING ASSOCIATION OF THAILAND HAS REQUESTED A REDUCTION IN IMPORT DUTIES, BUT PROBABLY WITHOUT MUCH PROSPECT FOR SUCCESS.

4. IT IS GENERALLY BELIEVED THAT SMALL FISHING BOATS USE MOSTLY JAPANESE MADE ENGINES (E.G. DAIWA, YANMAR AND NISSAN) LARGER BOATS USE DORMAN. BURMEISTER AND WAIN. BLACKSTONE, DETROIT (GM) GARDNER, CATERPILLAR AND CUMMINS ENGINES. WHICH ARE GENERALLY MORE EXPENSIVE THAN JAPANESE ENGINES. SOME VERY SMALL ENGINES USED ARE BRIGGS AND STRATTON, PETTER AND SEAGULL. AGENT FOR CATERPILLAR ESTIMATES MARKET SHARE OF MARINE ENGINE SALES FOR LARGER FISHING BOATS TO BE CATERPILLAR 70 PERCENT CUMMINS 15 PERCENT, NISSAN AND YANMAR 10 PERCENT, BLACKSTONE 5 PERCENT (HOWEVER, VISITING EXECUTIVE OF ONE AMERICAN ENGINE MANUFACTURER RECENTLY EXPRESSED CONCERN THAT U.S. ENGINES WOULD SOON BECOME LESS COMPETITIVE IN PRICE AS RESULT MAY BE. REMOVAL OF PRICE CONTROLS ON RAW MATERIALS, SUCH AS ALUMINUM)

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5. IN OPINION OF PRESIDENT OF FISHERIES ASSOCIATION OF THAILAND, MANY IMPORTERS ARE NOW EAGER TO IMPORT OR REPRESENT AMERICAN MACHINERY. HE BELIEVES THAT THE INDUSTRY WILL EXPAND FURTHER DURING THE NEXT 2-3 YEARS. HOWEVER, THIS EXPANSION WILL DEPEND ON RESOLUTION OF CURRENT OIL SHORTAGE PROBLEM BY THE THAI GOVERNMENT. DURING FIRST PART OF 1974. THE SHORTAGE OF DIESEL FUEL FOR FISHING VESSELS BECAUSE SO ACUTE THAT FISHERMEN WENT ON STRIKE TO

DEMAND FOR THEIR INDUSTRY A LARGER ALLOCATION FROM LIMITED SUPPLY AVAILABLE. THE FISHERMEN ALSO CLAIMED THAT, EVEN WHEN THEY HAD SUFFICIENT FUEL, ITS HIGH COST WAS CAUSING THEM TO LOSE MOENY ON EVERY VOYAGE. THIS CRISIS WAS RESOLVED WHEN GOVT MADE SERVERAL CONCESSIONS TO THEIR DEMANDS AND THE FISHERMEN APPARENTLY DECIDED IT WAS IN THEIJSBEST INTEREST TO GO BACK TO WORK. NEVERTHELESS, THE OIL SHORTAGES COULD HAVE A NEGATIVE EFFECT ON SHORT THERM DECSIONS TO BUY MARINE PROPULSION EQUIPMENT. ITS LOGNER (LARGER) PROPULSION SYSTEMS WHICH MAXIMIZE FUEL EFFICIENCY AND TIME AT SEA.

6. MOST END-USERS OF THIS EQUIPMENT WOULD NOT BE GOOD PROSPECTS FOR A U.S. TRADE CENTER SHOW IN SINGAPORE. LOCAL PURCHASERS GENERALLY PREFER TO USE LOCAL AGENTS TO HANDLE ALL TRANSACTIONS. SOME IMPORT FIRMS MIGHT SEND REPRESENTATIVES TO SINGAPORE, ESPECIALLY IF THEY HAD OTHER BUSINESSES THERE. HOWEVER, BASED ON PREVIOUS EXPERIENCE, WE ESTIMATE THAT VERY FEW COMPANIES INTERESTED IN U.S. EQUIPMENT WOULD ACTUALLY SEND ANYONE SPECIFICALLY TO ATTEND A TRADE CENTER EXHIBIT.

7. EMBASSY ESTIMATES CONSERVATIVELY THAT THIS REPORT REQUIRED SOMEWHAT OVER 30 HOURS FOR PREPARATION. WITH SOME IN-HOUSE DATA FORTUNATELY BEING AVAILABLE. PERHAPS, FOR NECESSARY SUPERVISION, REVIEW, AND EDITING, BASED ON PRESENT ACTUAL STRENGTH OF COMMERCIAL SECTION, EMBASSY COULD AND FEELS. IT SHOULD PREPARE SIX TO EIGHT SUCH BREIF REPORTS PER YEAR, AS SUGGESTED BY REFTTEL,ALTHOUGH THIS WOULD BE STRAIN ON OUR RESOURCES. SUCH TIMELY MARKET RESEARCH IS OF GREAT IMPORTANCE, AND. AS PREVIOUSLY REPORTED. EMBASSY HAS BEEN RESTRUCTURING COMMERCIAL SECTION TO TRY TO TAKE THIS INTO ACCOUNT. HOWEVER, WITH ANY REDUCTION IN CURRENTLY ASSIGNED OFFICER PERSONNEL, INCLUDING TEMPORARY ASSIGNMENTS, SUCH GOAL WOULD BE UNREALISTIC AND VIRTUALLY IMPOSSIBLE, SINCE ALMOST ALL AVAILABLE OFFICER TIME WOULD HAVE TO BE DEVOTED EITHER TO MANDATORY. UNCLASSIFIED

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REACTIVE DAILY ACTIVITY OR TO ALERT REPORTING OF EVEN HIGHER PRIORITY. EMBASSY WILL ELABORATE ON THIS IN SEPARATE MESSAGES. MASTERS

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